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August 22, 2007

-SURFACE TRANSPORTATION BOARD

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*Via Overnight (Next Business Day) Delivery*

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423-0001
Attn: Office of Recordations

Dear Secretary Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are an original and two (2) copies of a Memorandum of Loan and Security Agreement, dated as of July 27, 2007, a primary document as defined in the Board's Rules for the Recordation of Documents, and an original and two (2) copies of the following secondary document related thereto: Memorandum of Assignment of Rents and Lessor's Interest in Leases, dated as of July 27, 2007.

The names and addresses of the parties to the enclosed documents are:

Primary: Memorandum of Loan and Security Agreement

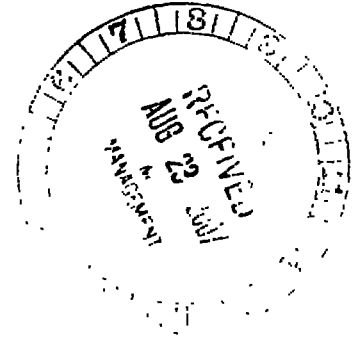
Debtor:	Iowa Northern Railway Company 305 South Second Street Suite 400 Cedar Rapids, Iowa 52401
Secured Party:	Fifth Third Bank (Chicago) 222 South Riverside Plaza 32 nd Floor Chicago, Illinois 60606

FLETCHER & SIPPEL LLC

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Secondary: Memorandum of Assignment of Rents and
Lessor's Interest in Leases

Assignor: Iowa Northern Railway Company
305 South Second Street
Suite 400
Cedar Rapids, Iowa 52401

Assignee: Fifth Third Bank (Chicago)
222 South Riverside Plaza
32nd Floor
Chicago, Illinois 60606

A description of the equipment is included as Exhibit A to each of the documents. Included in the property covered by the aforesaid Loan and Security Agreement are locomotives intended for use and related to interstate commerce, specifically Locomotive No. IANR 4002 (former CN 9508), and includes locomotives and the equipment acquired by Debtor or its successors **after the date** of the Loan and Security Agreement.

Also enclosed is a check in the amount of \$70.00 payable to the order of the Surface Transportation Board covering the required recordation fees.

Kindly return one stamped copy of each of the enclosed documents to the undersigned.

Respectfully submitted,

Myles L. Tobin
Attorney for Secured Party

Enclosures

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SURFACE TRANSPORTATION BOARD

**MEMORANDUM OF ASSIGNMENT OF RENTS
AND LESSOR'S INTEREST IN LEASES**

This Memorandum of Assignment of Rents and Lessor's Interest in Leases ("Memorandum") made and entered into as of July 27, 2007, by Iowa Northern Railway Company ("Assignor") to Fifth Third Bank (Chicago) ("Assignee").

WITNESSETH:


The Assignor entered into that certain Assignment of Rents and Lessor's Interest in Leases (the "Assignment Agreement") dated as of July 17, 2006.

Under the Assignment Agreement, the Assignor assigned its right, title and interest in and to the rents, issues and profit of the Rolling Stock and Equipment, including all of Assignor's right, title and interest in any lease. The Rolling Stock and Equipment is described in Exhibit A hereto.

The Assignor wishes to show for the public record the existence of the aforementioned Assignment Agreement, and accordingly the Assignor has caused this Memorandum to be executed by its respective duly authorized officers, as of the date first above written.

IN WITNESS WHEREOF, the undersigned has caused this Memorandum to be executed by a duly authorized officer as of this 27th day of July, 2007.

IOWA NORTHERN RAILWAY CO.

By: 
Name: Daniel R. Shor
Title: President

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

On this 5th day of July, 2007, before me personally appeared Dan Labin, to me personally known, who being duly sworn, stated that he is President of Iowa Northern Railway Company, that said instrument was signed on behalf of said corporation by authority of its board of directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Deborah Guzman
Notary Public

My Commission Expires:

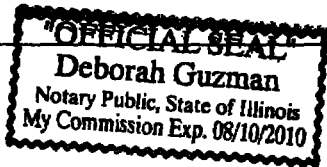
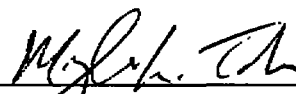


EXHIBIT A
LIST OF ROLLING STOCK AND EQUIPMENT

1. Kershaw Ballast Regulator, Model No. 26-3, Unit No. BR-701, Serial No. 26-189-91 with Automatic Shut Off
2. Kershaw Ballast Regulator, Model No. 26-3, Unit No. BR-642, Serial No. 26-1152-78
3. Trailboss Trailer, Model PU27TBA, Serial No. 4S0TP273261002305
4. Jackson 6500 Production/Switch Liner/Tamper, Serial No. 139304
5. Jackson 6700 Production/Switch Liner/Tamper, Serial No. 142453
6. Tamper Brushcutter, Model KTBC, Serial No. 2870174
7. Tamper C Series Regulator, Model C154BR, Serial No. 8BR0005
8. Drott Excavator and attachments, Model 40 BEC, Serial No. 1952
9. Jackson Jordan, Inc. Tie Inserter/Extractor, Model 925SS, Serial No. 142363
10. IANR 4002 (Former CN 9508), Built 10/74, Serial No. 83085

Under penalty of perjury, I declare that I have compared the foregoing copy of the Memorandum of Assignment of Rents and Lessor's Interest in Leases with the original and have found the copy to be complete and identical in all respects to the original document.



Myles L. Tobin
Filer for Secured Party